

ORIGINAL

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of

Tariffs Implementing Access Charge Reform

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CC Docket No. 97-250  
CCB/CPD 98-22

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MCI COMMENTS

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

MCI Telecommunications Corporation (MCI), pursuant to the Commission's March 25, 1998, Public Notice, hereby submits comments on the access reform tariff revisions recently filed by the Bell Atlantic Operating Companies and the NYNEX Telephone Companies (Bell Atlantic).

In Bell Atlantic Transmittal No. 1033 and NYNEX Transmittal No. 488, Bell Atlantic revised its methodology for computing line port costs. Instead of computing line port costs by applying a line port percentage derived from SCIS to its local switching revenue requirement, as in its original access reform filing, Bell Atlantic computed a revised line port cost by applying the line port percentage to its local switching revenues. As a result of this change in methodology, Bell Atlantic reduced its local switching rates and increased its carrier common line (CCL) rates. However, Bell Atlantic did not change its end user common line (EUCL) rates.

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Bell Atlantic's failure to increase its EUCL rates to reflect the revised line port costs is contrary to the Tariff Review Plan (TRP) that the Commission required the price cap LECs to use in their access reform filings. The revision in line port costs should have been reflected on line 810 of the CAP-1 chart, where the LECs are required to state their "total annual line port revenue." The revised "annual line port revenue" figure would then have been divided by the "total line ports" figure on line 840 to derive a revised "basic line port revenue per line" figure. The revised "basic line port revenue per line" figure would then have increased the "common line revenue target per line" figure on line 900.

In the D&J, Bell Atlantic argues that the additional port costs shifted to the common line basket should have "no impact on end user common line rates (EUCL) due to Commission requirements that EUCL rates reflect revenue requirements (rather than revenues)."<sup>1</sup> But there is nothing in the Commission's rules that requires the line port revenue requirement to be computed in the manner that Bell Atlantic proposes -- by applying a SCIS-derived percentage to the local switching investment defined by the Part 69 rules. Bell Atlantic's approach leads to a significant mismatch between the exogenous cost change and the port costs reflected in EUCL rates. This mismatch violates the Access Reform Order's requirement that line port costs be recovered through per-line charges; all of the incremental costs shifted as a result of Bell Atlantic's line port cost revisions are reflected in the per-minute CCL charge. To prevent this mismatch between the exogenous cost change and EUCL rates, the Commission should

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<sup>1</sup>Bell Atlantic Transmittal No. 1033, D&J at 7.

require Bell Atlantic to comply with Section 69.306(d) of the Commission's rules by reallocating sufficient investment such that, when a "line port revenue requirement" is computed at 11.25 percent, this revenue requirement equals the line port exogenous cost change made by Bell Atlantic.<sup>2</sup> This approach is implicit in the CAP-1 chart, which requires the line port component of the EUCL rate to be equal to "total annual line port revenue" divided by the number of lines.

Respectfully submitted,  
MCI TELECOMMUNICATIONS  
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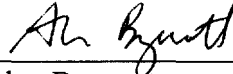
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<sup>2</sup>Operating expenses and depreciation allocated to the "line port revenue requirement" would follow investment, as required by the Part 69 rules.

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on April 2, 1998.



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## **CERTIFICATE OF SERVICE**

I, John E. Ferguson III, do hereby certify that copies of the foregoing MCI Comments were sent in the Matter of Tariffs Implementing Access Charge Reform, on this 2nd day of April, 1998, via first-class mail, postage pre-paid, to the following:

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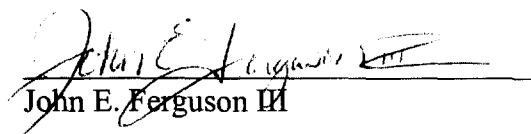
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